

*Substituted for
SF 2306
3-15-94 (P.665)*

FEB 28 1994

HOUSE FILE 2318
BY COMMITTEE ON AGRICULTURE

Place On Calendar

(SUCCESSOR TO HSB 667)

Passed House, Date (P.464) 3-8-94 Passed Senate, Date (P.1362) 4-11-94
Vote: Ayes 88 Nays 9 Vote: Ayes 97 Nays 0
Approved April 26, 1994

A BILL FOR

1 An Act relating to assistance provided to beginning farmers by
2 the agricultural development authority, by providing that
3 corporations and limited liability companies are eligible to
4 receive assistance, and providing an effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2318

1 Section 1. Section 175.2, subsection 6, Code 1993, is
2 amended to read as follows:

3 6. "Beginning farmer" means an individual, or partnership,
4 corporation, or limited liability company with a low or
5 moderate net worth that engages in farming or wishes to engage
6 in farming.

7 Sec. 2. Section 175.2, subsection 12, Code 1993, is
8 amended by adding the following new paragraphs:

9 NEW PARAGRAPH. c. For a corporation, an aggregate net
10 worth of all shareholders, including the value of each
11 shareholder's share in the corporation, and each shareholder's
12 spouse and minor children of less than four hundred thousand
13 dollars. However, the aggregate net worth of each shareholder
14 and that shareholder's spouse and minor children shall not
15 exceed two hundred thousand dollars.

16 NEW PARAGRAPH. d. For a limited liability company, an
17 aggregate net worth of all members, including each member's
18 ownership interest in the limited liability company, and each
19 member's spouse and minor children of less than four hundred
20 thousand dollars. However, the aggregate net worth of each
21 member and that member's spouse and minor children shall not
22 exceed two hundred thousand dollars.

23 Sec. 3. Section 175.2, subsection 16, Code 1993, is
24 amended to read as follows:

25 16. "Net worth" means a person's total assets minus total
26 liabilities as determined in accordance with generally
27 accepted accounting principles with appropriate exceptions and
28 exemptions reasonably related to an equitable determination of
29 ~~the-family's-or-partnership's~~ a person's net worth. Assets
30 shall be valued at fair market value.

31 Sec. 4. Section 175.12, subsection 3, paragraph a, Code
32 1993, is amended to read as follows:

33 a. The beginning farmer is a resident of the state. If
34 the beginning farmer is a partnership, all partners shall be
35 residents of the state. If a beginning farmer is a

1 corporation, all shareholders shall be residents of the state.
2 If the beginning farmer is a limited liability company, all
3 members shall be residents of the state.

4 Sec. 5. Section 175.12, subsection 3, paragraph c, Code
5 1993, is amended to read as follows:

6 c. The beginning farmer has sufficient education,
7 training, or experience in the type of farming for which the
8 beginning farmer requests the mortgage or secured loan. If
9 the beginning farmer is a partnership, all partners shall have
10 sufficient education, training, or experience in the type of
11 farming for which the beginning farmer requests the mortgage
12 or secured loan. If the beginning farmer is a corporation,
13 all shareholders who are not minors shall have sufficient
14 education, training, or experience in the type of farming for
15 which the beginning farmer requests the mortgage or secured
16 loan. If the beginning farmer is a limited liability company,
17 all members who are not minors shall have sufficient
18 education, training, or experience in the type of farming for
19 which the beginning farmer requests the mortgage or secured
20 loan.

21 Sec. 6. Section 175.12, subsection 3, paragraph f, Code
22 1993, is amended to read as follows:

23 f. The beginning farmer ~~will~~ shall materially and
24 substantially participate in farming. If the beginning farmer
25 is a partnership, corporation, or limited liability company,
26 each partner, shareholder, or member shall materially and
27 substantially participate in farming.

28 Sec. 7. Section 175.12, subsection 3, paragraph g, Code
29 1993, is amended to read as follows:

30 g. If the beginning farmer is an individual, the
31 agricultural land and agricultural improvements shall only be
32 used for farming by the individual, the individual's spouse,
33 or the individual's minor children, -or- any of them. If the
34 beginning farmer is a partnership, corporation, or limited
35 liability company, the agricultural land and agricultural

1 improvements shall only be used for farming by the any or all
2 of the partners, each-partner's-spouse, each-partner's
3 shareholders, or members, including their spouses and minor
4 children, or any of them.

5 Sec. 8. EFFECTIVE DATE. This Act, being deemed of
6 immediate importance, takes effect upon enactment.

7 EXPLANATION

8 This bill amends chapter 175 which in part provides for a
9 beginning farmers program administered by the agricultural
10 development authority, to provide financing for agricultural
11 land and agricultural improvements or depreciable agricultural
12 property. The chapter provides that a beginning farmer must
13 be an individual or partnership. This bill expands the class
14 of beginning farmers to include corporations and limited
15 liability companies. The bill provides that residency
16 restrictions applying to individuals and partnerships also
17 apply to corporations and limited liability companies. A
18 beginning farmer must have a low or moderate net worth. The
19 bill provides net worth requirements for corporations and
20 limited liability companies. Chapter 9H places limitations
21 upon corporations and limited liability companies eligible to
22 hold agricultural land in this state. The bill takes effect
23 upon enactment.

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SENATE AMENDMENT TO HOUSE FILE 2318

H-5802

1 Amend House File 2318, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by striking line 4, and inserting the
4 following: "family farm corporation, or family farm
5 limited liability company, as defined in section 9H.1,
6 with a low or".

7 2. Page 1, line 9, by inserting before the word
8 "corporation," the following: "family farm".

9 3. Page 1, line 11, by inserting before the word
10 "corporation" the following: "family farm".

11 4. Page 1, line 16, by inserting before the word
12 "limited" the following: "family farm".

13 5. Page 1, line 18, by inserting before the word
14 "limited" the following: "family farm".

15 6. Page 2, line 1, by inserting before the word
16 "corporation" the following: "family farm".

17 7. Page 2, line 2, by inserting before the word
18 "limited" the following: "family farm".

19 8. Page 2, by striking lines 4 and 5 and
20 inserting the following:

21 "Sec. ____ . Section 175.12, subsection 3, paragraph
22 c, Code 1993, is amended to read as follows:

23 c. The beginning farmer has sufficient education,
24 training, or experience in the type of farming for
25 which the beginning farmer requests the mortgage or
26 secured loan. If the beginning farmer is a
27 partnership, all partners shall have sufficient
28 education, training, or experience in the type of
29 farming for which the beginning farmer requests the
30 mortgage or secured loan. If the beginning farmer is
31 a family farm corporation, all shareholders who are
32 not minors shall have sufficient education, training,
33 or experience in the type of farming for which the
34 beginning farmer requests the mortgage or secured
35 loan. If the beginning farmer is a family farm
36 limited liability company, all members who are not
37 minors shall have sufficient education, training, or
38 experience in the type of farming for which the
39 beginning farmer requests the mortgage or secured
40 loan."

41 9. Page 2, line 10, by inserting before the word
42 "corporation," the following: "family farm".

43 10. Page 2, line 10, by inserting before the word
44 "limited" the following: "family farm".

45 11. Page 2, line 19, by inserting before the word
46 "corporation," the following: "family farm".

47 12. Page 2, line 19, by inserting before the word
48 "limited" the following: "family farm".

49 13. Title page, by striking line 3 and inserting
50 the following: "family farm limited corporations and

H-5802

H-5802

Page 2

1 family farm limited liability companies are eligible
2 to".

3 14. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-5802 FILED MARCH 29, 1994

House concurred 4-11-94 (P. 1363)

HOUSE FILE 2318

H-5146

1 Amend House File 2318 as follows:

2 1. Page 2, by striking lines 5 through 20 and

3 inserting the following: "1993, is amended by

4 striking the paragraph."

By KOENIGS of Mitchell
GREINER of Washington

H-5146 FILED MARCH 7, 1994

*adopted 3-8-94
(P. 464)*

HOUSE FILE 2318
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 667)

(As Amended and Passed by the House March 8, 1994)

Passed House, Date 3/8/94 Passed Senate, ^(P.893) Date 3/29/94
Vote: Ayes 89 Nays 9 Vote: Ayes 49 Nays 0
Approved April 26, 1994

A BILL FOR

1 An Act relating to assistance provided to beginning farmers by
2 the agricultural development authority, by providing that
3 corporations and limited liability companies are eligible to
4 receive assistance, and providing an effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

1 Section 1. Section 175.2, subsection 6, Code 1993, is
2 amended to read as follows:

3 6. "Beginning farmer" means an individual, or partnership,
4 corporation, or limited liability company with a low or
5 moderate net worth that engages in farming or wishes to engage
6 in farming.

7 Sec. 2. Section 175.2, subsection 12, Code 1993, is
8 amended by adding the following new paragraphs:

9 NEW PARAGRAPH. c. For a corporation, an aggregate net
10 worth of all shareholders, including the value of each
11 shareholder's share in the corporation, and each shareholder's
12 spouse and minor children of less than four hundred thousand
13 dollars. However, the aggregate net worth of each shareholder
14 and that shareholder's spouse and minor children shall not
15 exceed two hundred thousand dollars.

16 NEW PARAGRAPH. d. For a limited liability company, an
17 aggregate net worth of all members, including each member's
18 ownership interest in the limited liability company, and each
19 member's spouse and minor children of less than four hundred
20 thousand dollars. However, the aggregate net worth of each
21 member and that member's spouse and minor children shall not
22 exceed two hundred thousand dollars.

23 Sec. 3. Section 175.2, subsection 16, Code 1993, is
24 amended to read as follows:

25 16. "Net worth" means a person's total assets minus total
26 liabilities as determined in accordance with generally
27 accepted accounting principles with appropriate exceptions and
28 exemptions reasonably related to an equitable determination of
29 ~~the-family's-or-partnership's~~ a person's net worth. Assets
30 shall be valued at fair market value.

31 Sec. 4. Section 175.12, subsection 3, paragraph a, Code
32 1993, is amended to read as follows:

33 a. The beginning farmer is a resident of the state. If
34 the beginning farmer is a partnership, all partners shall be
35 residents of the state. If a beginning farmer is a

1 corporation, all shareholders shall be residents of the state.
2 If the beginning farmer is a limited liability company, all
3 members shall be residents of the state.

4 Sec. 5. Section 175.12, subsection 3, paragraph c, Code
5 1993, is amended by striking the paragraph.

6 Sec. 6. Section 175.12, subsection 3, paragraph f, Code
7 1993, is amended to read as follows:

8 f. The beginning farmer ~~will~~ shall materially and
9 substantially participate in farming. If the beginning farmer
10 is a partnership, corporation, or limited liability company,
11 each partner, shareholder, or member shall materially and
12 substantially participate in farming.

13 Sec. 7. Section 175.12, subsection 3, paragraph g, Code
14 1993, is amended to read as follows:

15 g. If the beginning farmer is an individual, the
16 agricultural land and agricultural improvements shall only be
17 used for farming by the individual, the individual's spouse,
18 or the individual's minor children, -or-any-of-them. If the
19 beginning farmer is a partnership, corporation, or limited
20 liability company, the agricultural land and agricultural
21 improvements shall only be used for farming by the any or all
22 of the partners, each-partner's-spouse, -each-partner's
23 shareholders, or members, including their spouses and minor
24 children, -or-any-of-them.

25 Sec. 8. EFFECTIVE DATE. This Act, being deemed of
26 immediate importance, takes effect upon enactment.

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HOUSE FILE 2318

S-5320

- 1 Amend House File 2318, as amended, passed, and
2 reprinted by the House, as follows:
- 3 1. Page 1, by striking line 4, and inserting the
4 following: "family farm corporation, or family farm
5 limited liability company, as defined in section 9H.1,
6 with a low or".
- 7 2. Page 1, line 9, by inserting before the word
8 "corporation," the following: "family farm".
- 9 3. Page 1, line 11, by inserting before the word
10 "corporation" the following: "family farm".
- 11 4. Page 1, line 16, by inserting before the word
12 "limited" the following: "family farm".
- 13 5. Page 1, line 18, by inserting before the word
14 "limited" the following: "family farm".
- 15 6. Page 2, line 1, by inserting before the word
16 "corporation" the following: "family farm".
- 17 7. Page 2, line 2, by inserting before the word
18 "limited" the following: "family farm".
- 19 8. Page 2, by striking lines 4 and 5 and
20 inserting the following:
21 "Sec. ____ . Section 175.12, subsection 3, paragraph
22 c, Code 1993, is amended to read as follows:
23 c. The beginning farmer has sufficient education,
24 training, or experience in the type of farming for
25 which the beginning farmer requests the mortgage or
26 secured loan. If the beginning farmer is a
27 partnership, all partners shall have sufficient
28 education, training, or experience in the type of
29 farming for which the beginning farmer requests the
30 mortgage or secured loan. If the beginning farmer is
31 a family farm corporation, all shareholders who are
32 not minors shall have sufficient education, training,
33 or experience in the type of farming for which the
34 beginning farmer requests the mortgage or secured
35 loan. If the beginning farmer is a family farm
36 limited liability company, all members who are not
37 minors shall have sufficient education, training, or
38 experience in the type of farming for which the
39 beginning farmer requests the mortgage or secured
40 loan."
- 41 9. Page 2, line 10, by inserting before the word
42 "corporation," the following: "family farm".
- 43 10. Page 2, line 10, by inserting before the word
44 "limited" the following: "family farm".
- 45 11. Page 2, line 19, by inserting before the word
46 "corporation," the following: "family farm".
- 47 12. Page 2, line 19, by inserting before the word
48 "limited" the following: "family farm".
- 49 13. Title page, by striking line 3 and inserting
50 the following: "family farm limited corporations and

S-5320

-1-

S-5320

Page 2

1 family farm limited liability companies are eligible
2 to".

3 14. By renumbering as necessary.

By JAMES R. RIORDAN

S-5320 FILED MARCH 29, 1994

ADOPTED

Meyer
Eddie
Weigel

HSB 667

Agriculture

HOUSE FILE New
2318

BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY CHAIR-
PERSON EDDIE)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to assistance provided to beginning farmers by
2 the agricultural development authority, by providing that
3 corporations and limited liability companies are eligible to
4 receive assistance.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 175.2, subsection 6, Code 1993, is
2 amended to read as follows:

3 6. "Beginning farmer" means an individual, ~~or~~ partnership,
4 corporation, or limited liability company with a low or
5 moderate net worth that engages in farming or wishes to engage
6 in farming.

7 Sec. 2. Section 175.2, subsection 12, Code 1993, is
8 amended by adding the following new paragraphs:

9 NEW PARAGRAPH. c. For a corporation, an aggregate net
10 worth of all shareholders, including the value of each
11 shareholder's share in the corporation, and each shareholder's
12 spouse and minor children of less than four hundred thousand
13 dollars. However, the aggregate net worth of each shareholder
14 and that shareholder's spouse and minor children shall not
15 exceed two hundred thousand dollars.

16 NEW PARAGRAPH. d. For a limited liability company, an
17 aggregate net worth of all members, including each member's
18 ownership interest in the limited liability company, and each
19 member's spouse and minor children of less than four hundred
20 thousand dollars. However, the aggregate net worth of each
21 member and that member's spouse and minor children shall not
22 exceed two hundred thousand dollars.

23 Sec. 3. Section 175.2, subsection 16, Code 1993, is
24 amended to read as follows:

25 16. "Net worth" means a person's total assets minus total
26 liabilities as determined in accordance with generally
27 accepted accounting principles with appropriate exceptions and
28 exemptions reasonably related to an equitable determination of
29 ~~the-family's-or-partnership's~~ a person's net worth. Assets
30 shall be valued at fair market value.

31 Sec. 4. Section 175.12, subsection 3, paragraph c, Code
32 1993, is amended to read as follows:

33 c. The beginning farmer has sufficient education,
34 training, or experience in the type of farming for which the
35 beginning farmer requests the mortgage or secured loan. If

1 the beginning farmer is a partnership, all partners shall have
2 sufficient education, training, or experience in the type of
3 farming for which the beginning farmer requests the mortgage
4 or secured loan. If the beginning farmer is a corporation,
5 all shareholders who are not minors shall have sufficient
6 education, training, or experience in the type of farming for
7 which the beginning farmer requests the mortgage or secured
8 loan. If the beginning farmer is a limited liability company,
9 all members who are not minors shall have sufficient
10 education, training, or experience in the type of farming for
11 which the beginning farmer requests the mortgage or secured
12 loan.

13 Sec. 5. Section 175.12, subsection 3, paragraph f, Code
14 1993, is amended to read as follows:

15 f. The beginning farmer ~~will~~ shall materially and
16 substantially participate in farming. If the beginning farmer
17 is a partnership, corporation, or limited liability company,
18 each partner, shareholder, or member shall materially and
19 substantially participate in farming.

20 Sec. 6. Section 175.12, subsection 3, paragraph g, Code
21 1993, is amended to read as follows:

22 g. If the beginning farmer is an individual, the
23 agricultural land and agricultural improvements shall only be
24 used for farming by the individual, the individual's spouse,
25 or the individual's minor children, -or-any-of-them. If the
26 beginning farmer is a partnership, corporation, or limited
27 liability company, the agricultural land and agricultural
28 improvements shall only be used for farming by the any or all
29 of the partners, each-partner's-spouse, -each-partner's
30 shareholders, or members, including their spouses and minor
31 children, -or-any-of-them.

32

EXPLANATION

33 This bill amends chapter 175 which in part provides for a
34 beginning farmers program administered by the agricultural
35 development authority, to provide financing for agricultural

1 land and agricultural improvements or depreciable agricultural
2 property. The chapter provides that a beginning farmer must
3 be an individual or partnership. This bill expands the class
4 of beginning farmers to include corporations and limited
5 liability companies. The bill provides that residency
6 restrictions applying to individuals and partnerships also
7 apply to corporations and limited liability companies. A
8 beginning farmer must have a low or moderate net worth. The
9 bill provides net worth requirements for corporations and
10 limited liability companies. Chapter 9H places limitations
11 upon corporations and limited liability companies eligible to
12 hold agricultural land in this state.

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HOUSE FILE 2318

AN ACT

RELATING TO ASSISTANCE PROVIDED TO BEGINNING FARMERS BY THE AGRICULTURAL DEVELOPMENT AUTHORITY, BY PROVIDING THAT FAMILY FARM LIMITED CORPORATIONS AND FAMILY FARM LIMITED LIABILITY COMPANIES ARE ELIGIBLE TO RECEIVE ASSISTANCE, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 175.2, subsection 6, Code 1993, is amended to read as follows:

6. "Beginning farmer" means an individual, or partnership, family farm corporation, or family farm limited liability company, as defined in section 9H.1, with a low or moderate net worth that engages in farming or wishes to engage in farming.

Sec. 2. Section 175.2, subsection 12, Code 1993, is amended by adding the following new paragraphs:

NEW PARAGRAPH. c. For a family farm corporation, an aggregate net worth of all shareholders, including the value of each shareholder's share in the family farm corporation, and each shareholder's spouse and minor children of less than four hundred thousand dollars. However, the aggregate net worth of each shareholder and that shareholder's spouse and minor children shall not exceed two hundred thousand dollars.

NEW PARAGRAPH. d. For a family farm limited liability company, an aggregate net worth of all members, including each member's ownership interest in the family farm limited liability company, and each member's spouse and minor children of less than four hundred thousand dollars. However, the aggregate net worth of each member and that member's spouse and minor children shall not exceed two hundred thousand dollars.

Sec. 3. Section 175.2, subsection 16, Code 1993, is amended to read as follows:

16. "Net worth" means a person's total assets minus total liabilities as determined in accordance with generally accepted accounting principles with appropriate exceptions and exemptions reasonably related to an equitable determination of ~~the-family's-or-partnership's~~ a person's net worth. Assets shall be valued at fair market value.

Sec. 4. Section 175.12, subsection 3, paragraph a, Code 1993, is amended to read as follows:

a. The beginning farmer is a resident of the state. If the beginning farmer is a partnership, all partners shall be residents of the state. If a beginning farmer is a family farm corporation, all shareholders shall be residents of the state. If the beginning farmer is a family farm limited liability company, all members shall be residents of the state.

Sec. 5. Section 175.12, subsection 3, paragraph c, Code 1993, is amended to read as follows:

c. The beginning farmer has sufficient education, training, or experience in the type of farming for which the beginning farmer requests the mortgage or secured loan. If the beginning farmer is a partnership, all partners shall have sufficient education, training, or experience in the type of farming for which the beginning farmer requests the mortgage or secured loan. If the beginning farmer is a family farm corporation, all shareholders who are not minors shall have sufficient education, training, or experience in the type of farming for which the beginning farmer requests the mortgage or secured loan. If the beginning farmer is a family farm limited liability company, all members who are not minors shall have sufficient education, training, or experience in the type of farming for which the beginning farmer requests the mortgage or secured loan.

Sec. 6. Section 175.12, subsection 3, paragraph f, Code 1993, is amended to read as follows:

f. The beginning farmer ~~will~~ shall materially and substantially participate in farming. If the beginning farmer is a partnership, family farm corporation, or family farm limited liability company, each partner, shareholder, or member shall materially and substantially participate in farming.

Sec. 7. Section 175.12, subsection 3, paragraph g, Code 1993, is amended to read as follows:

g. If the beginning farmer is an individual, the agricultural land and agricultural improvements shall only be used for farming by the individual, the individual's spouse, ~~or the individual's minor children; or any of them.~~ If the beginning farmer is a partnership, family farm corporation, or family farm limited liability company, the agricultural land and agricultural improvements shall only be used for farming by the ~~any or all of the partners, each partner's spouse; each partner's shareholders, or members, including their spouses and minor children; or any of them.~~

Sec. 8. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

.....
HAROLD VAN MAANEN
Speaker of the House

.....
LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2318, Seventy-fifth General Assembly.

.....
ELIZABETH ISAACSON
Chief Clerk of the House

Approved *April 26*, 1994

.....
TERRY E. BRANSTAD
Governor